



Environmental Services Division
Energy and Waste Management Bureau

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GASOLINE PRICES DECLINE AS THE SUMMER DRIVING SEASON HEATS UP; SUPPLY WORRIES COULD PUSH PRICES BACK UP FOR THE JULY 4 HOLIDAY WEEKEND

DES MOINES -- Gasoline prices across the state have been declining during the past few weeks as Iowans take to the road for summer vacation. However, prices could begin a climb upward as recent inventory reports indicate a less than expected build in gasoline stockpiles in advance of a peak-demand period.

“While gasoline supplies rose last week, the increase was less than analysts forecasted for that period,” said Tami Foster, data energy analyst for the DNR. “Prices could respond and push higher, especially leading into the 4th of July holiday weekend.”

Refineries try to increase gasoline output during June to help build supplies in advance of the Independence Day holiday on July 4, when demand rises. Plant capacity is still somewhat reduced as a result of hurricane damage last year. The July 4 holiday is one of the busiest travel days of the year.

Data released Wednesday by the Energy Information Administration indicated a modest build of about 300,000 barrels in gasoline stocks for the weeklong period ended June 16. The market had anticipated a gain of just over one million barrels. The smaller build is fueling supply concerns as the peak summer driving season kicks into high gear.

E10 prices across Iowa decreased from 2 to 14 cents per gallon from last month, while one area of the state – Council Bluffs – saw a 4-cent increase from last month. Some areas of the state are reporting similar pricing for E10 and regular unleaded gasoline. E10 typically sells for 1-4 cents less per gallon than regular unleaded. According to analysts, prices for ethanol have been increasing as more states across the country switch from MTBE to ethanol.

“This pressure on the supply is causing ethanol prices to climb, even though the supply is currently meeting the demand,” said Foster. “Retailers without contracts in place are subject to these higher prices, which are then passed onto the consumer. To find stations with lower prices, consumers are encouraged to shop around as it is likely that other stations in the same area will be selling ethanol at a lower price.

Iowa retailers reported the highest monthly sales volume for E85 with more than 181,000 gallons sold in May 2006. The previous record was 147,686 gallons sold in April 2006. So far this year, more than 613,000 gallons have been sold as compared to 169,944 gallons sold for the same time period in 2005. E85 is a blend of 85 percent ethanol and 15 percent gasoline and can be used in flexible fuel vehicles. For a complete list of E85 stations in Iowa, visit http://www.iowadnr.com/energy/renewable/ethanol_sites.html

The latest data also shows that E10, a blend of 10 percent ethanol and 90 percent gasoline, represented 72 percent of all retail gasoline sold in Iowa in March 2006. All auto manufacturers warrant the E10 blend for use.

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	5/15/06	6/15/06	Difference 5/15 to 6/15
Regular Unleaded with 10% Ethanol	2.78	2.73	-0.05
Regular Unleaded	2.79	2.75	-0.04
Premium Unleaded	2.85	2.81	-0.04
Diesel	2.88	2.90	+0.02

Source: Oil Price Information Service, www.opisnet.com

10% Ethanol Average Retail Price Per Gallon

-- Major Iowa Cities

	5/15/06	6/17/06	Difference
Ames	2.80	2.66	-0.14
Cedar Rapids	2.78	2.71	-0.07
Council Bluffs	2.70	2.74	+0.04
Davenport	2.83	2.78	-0.05
Des Moines	2.58	2.56	-0.02
Dubuque	2.80	2.74	-0.06
Fort Dodge	2.73	2.71	-0.02
Iowa City	2.78	2.75	-0.03
Sioux City	2.79	2.68	-0.11
Waterloo	2.75	2.67	-0.08
Webster City	2.76	2.74	-0.02
Average Metro Price	2.78	2.73	-0.05

Source: Oil Price Information Service, www.opisnet.com

E85 Monthly Statewide Average Retail Price Per Gallon

April 2006	May 2006	Difference April 2006 to May 2006	May 2005	Difference May 2005 to May 2006
2.34	2.40	+0.06	1.73	+0.67

Source: Retail stations

Heating Fuels Survey

	5/17/06	6/12/06	Difference
Natural Gas	6.08	6.08 (6/14)	No Change
Propane	1.48	1.48	No Change
#2 Heating Oil	2.52	2.53	+0.01

Sources: Wall Street Journal, Iowa Department of Natural Resources